

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE REQUEST OF)
TIDEWATER UTILITIES, INC. FOR)
AUTHORITY TO REVISE ITS TARIFF TO)
ALLOW AN INCOME TAX LIABILITY) PSC DOCKET NO. 18-0208
GROSS-UP PAYMENT ASSOCIATED WITH)
CONTRIBUTIONS IN AID OF CONSTRUCTION)
(FILED APRIL 2, 2018))

ORDER NO. 9219

AND NOW, to-wit, this 8th day of May, 2018;

WHEREAS, on April 2, 2018, Tidewater Utilities, Inc. ("Tidewater" or the "Company") filed an application ("Application") requesting Delaware Public Service Commission ("Commission") approval to amend its tariff to include the income tax liability payment associated with Contributions-In-Aid of Construction ("CIAC") fees; and

WHEREAS, Tidewater's Application is necessitated by a provision in the Tax Cuts and Job Acts of 2017, enacted December 22, 2017, which removed the tax exemption on CIAC received by regulated utilities; and

WHEREAS, Tidewater's proposed amendment to its tariff is in accordance with the Commission's Regulations, 26 *Del. Admin. C.* § 2001-3.8.6¹; and

¹ 26 Del. Admin. C. § 2001-3.8.6 states: "[a] CIAC will consist of an amount equal to the entire estimated cost, including the utility's standard overhead costs, of constructing the Facilities Extension. If any portion of property contributed by the contractor, builder, developer, municipality, homeowner, or other project sponsor is deemed taxable income to the utility, the utility shall be permitted to gross up the amount of the CIAC to include such tax liability."

WHEREAS, this request is revenue neutral to the Company's existing customer base and ensures that existing customers do not subsidize new customers; and

WHEREAS, the Commission Staff has reviewed and examined the proposed request and supports its approval;

NOW, THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. That the Commission, having independently reviewed this matter, determines and finds that Tidewater Utilities, Inc.'s request to amend its tariff as submitted on April 2, 2018 is hereby approved.

2. That Tidewater Utilities, Inc. shall submit new tariff pages, P.S.C. DEL. No. 6, REVISED PAGES 26 AND 27 with an effective date of May 8, 2018.

3. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

PSC Docket No. 18-0208, Order No. 9219 Cont'd

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary